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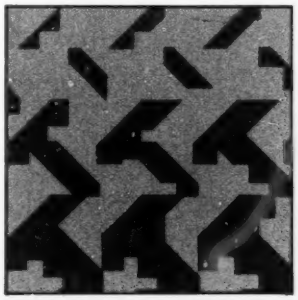

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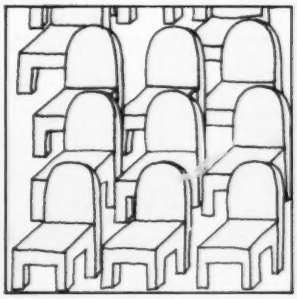

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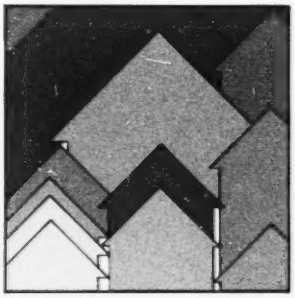

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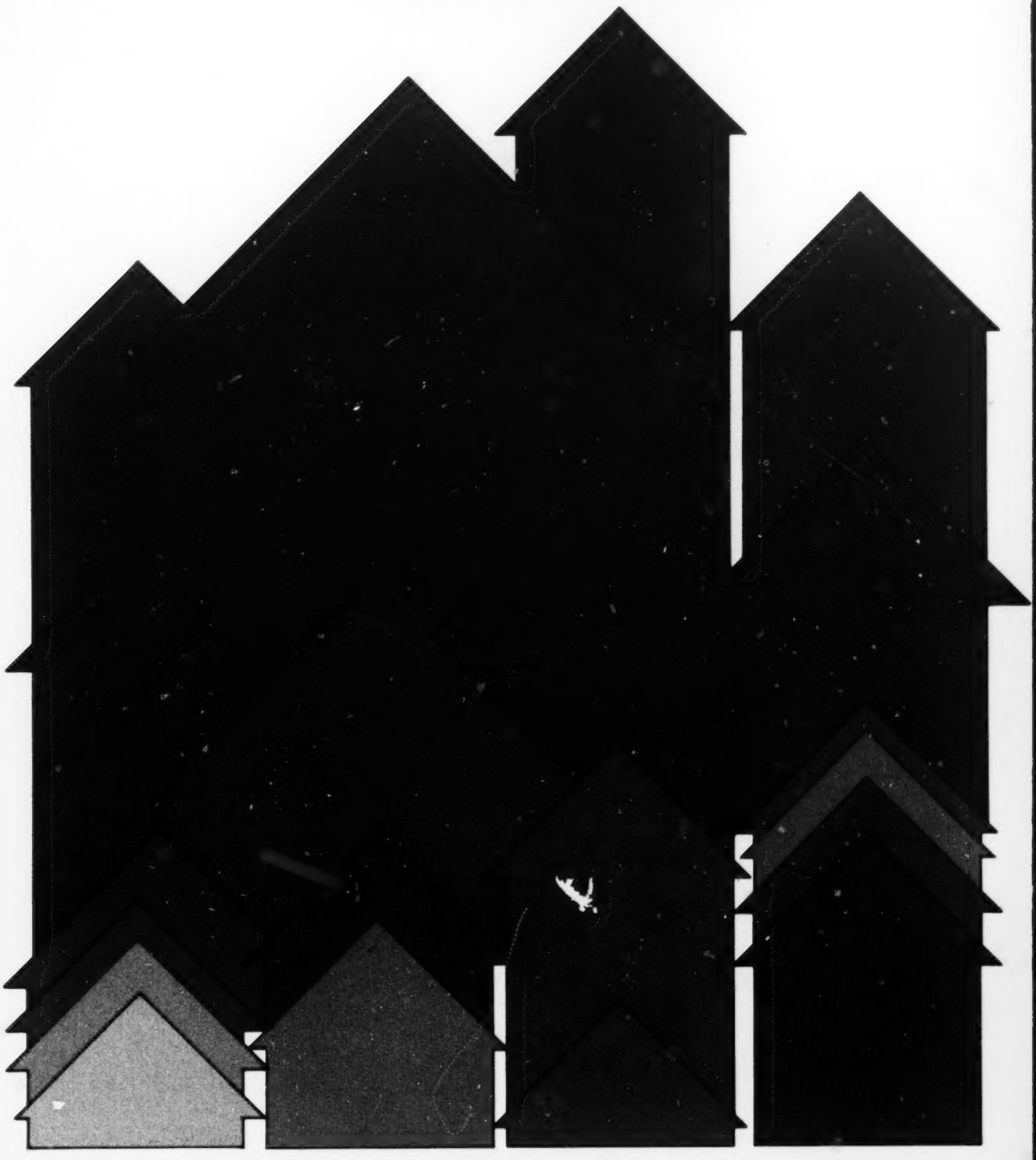
Competition and Evolution in the Residential Mortgage Market



Dr. Thomas R. Harter and Schuyler E. Schell

Had Charles Darwin commenced his studies of evolution in the present decade instead of over 100 years ago, one wonders if he would have centered his research on the shores of the Galapagos Islands, or would, instead, have immersed himself in the financial markets of the United States, where the process of natural selection is equally evident. Natural selection, as set forth by Darwin, is that competitive process that favors the survival of some species over others and results in the evolution of superior species—the survival of the fittest.

Competition is not a phenomenon limited to the Galapagos; it is also a major underpinning of the U.S. economy in general and its financial markets in particular. There exists a relatively scarce supply of financial resources, which is desired by numerous competing sectors for equities, bonds, and mortgages. Each of these sectors, in turn, is composed of various competitors; in the mortgage sector, savings and loan associations, commercial banks, and mortgage bankers are three major ones. And, of course, considerable competition also exists within each of these lender categories as thousands of individual firms vie for mortgage lending activity.

This article focuses on the competition between major mortgage lending groups, since they are experiencing the process of natural selection and evolution. This process is transforming practically every major lending group into a form of mortgage banker—which is, in many respects, the fittest "species" when it comes to surviving in a hostile, inflationary economic environment.

This is not to say that mortgage banking as it exists today is not without problems; there is always room for improvement and evolution—even in the "superior" species. This is especially true when the environment changes; and, as we have seen in recent years, our economic environment can be as changeable, and as inclement, as the weather.

Growing demand for mortgage credit

The demand for mortgage credit expanded markedly during the 1970's and will continue to grow to unprecedented levels in the coming decade. Aggregate annual one-to-four-unit residential loan originations increased from $36 billion in 1970 to over $187 billion by 1979; and the 1979 origination volume is expected to more than double in the 1980's. Competition between lenders to capture an ever larger share of this fast swelling market will be keen in years to come; and mortgage bankers, presently with a 24 percent share of the aggregate residential origination volume, will find it a challenge to hold on to their current position as second largest residential originator.

In terms of the market share of one-to-four-unit residential originations, the mortgage bankers' portion has, in past cycles, moved inversely with trends in aggregate lending activity. (See Table 1.) In the recession year of 1970 (also the first year such comparative data was available), mortgage bankers had 25 percent of the residential loan market, second only to savings and loan associations. During the ensuing early 1970's boom years, this share dropped to a low point of 16 percent in 1973. This was well behind the commercial banks' 24 percent share, and, of course, the S&L's 49 percent. Then, in 1974, concurrent with the worst post-WW II recession, this market share once again climbed to near 20 percent. However, during the economic expansion that was soon to follow, the mortgage banker share again started to fall, reaching a new trough during 1976 at only 14 percent of the one-to-four-unit residential loan market.

A surprising thing happened in the subsequent years of economic expansion, however. Instead of a continued deterioration in mortgage bankers' market share, their share began to expand—to 16 percent in 1977, 19 percent in 1978, and 24 percent in 1979—regaining most of the market lost during the preceding eight years. The reason for this departure from historical precedents is at least fourfold:

- the tremendous growth of the Government National Mortgage Association (GNMA) mortgage-backed pass-through security;
- increased mortgage banker conventional lending activity;
- the return of some life insurance companies to the mortgage market; and,
- the impact of mortgage interest rate ceilings on the mortgage market.

The growth of the GNMA mortgage-backed security (MBS) market since its inception in 1970 and its impact on the mortgage banking industry have been spectacular. The annual issuance of GNMA MBS's averaged nearly $2.8 billion per year in the early 1970's; by the late 1970's their issuance would, on occasion, surpass $3.0 billion in a single month. Reflecting this remarkable growth, the cumulative issuance of GNMA securities climbed above the $100 billion level by mid-1980. GNMA pools have served as an excellent outlet for mortgage banker loan production; in fact, since 1975 such pools have been the single largest such outlet, accounting for between 25 to 40 percent of their annual originations.

The mortgage bankers' share of conventional closings was particularly strong during 1978 and 1979 for a number of reasons. First, the FHA loan amount and interest rate limitations probably diverted borrowers, and hence mortgage lending, in many parts of the nation to the conventional loan market. Also, mortgage interest rates, which were 150 to 250 basis points above the FHA-administered rate and a growing regional disparity between home prices and FHA's mortgage amount limit were not at all conducive to an expanding FHA market share.

Another factor contributing to the mortgage bankers' entrance into the conventional lending realm was the establishment and growth of the Federal National Mortgage Association's (FNMA) auction of conventional mortgage commitments. In 1979, mortgage bankers sold $3.4 billion worth of conventional loans to FNMA, which accounted for almost half of their entire FNMA loan sales for the year.

Outlook for future growth

The continued expansion of mortgage bankers' volume of conventional lending is certain. Mortgage bankers can take advantage of their relatively recent access to the Federal Home Loan Mortgage Corporation (FHLMC) in years to come. In 1979 alone, FHLMC purchased $5.7 billion of mortgages. Ready access to this market should considerably broaden mortgage bankers' conventional loan marketing horizons.

Dr. Harter is MBA chief economist and senior staff vice president, economics & education. Mr. Schell is MBA economist.

TABLE 1

Loan Originations and Market Share
1–4 Family Homes
(millions of dollars, % of total)

Year	Mortgage Companies		Commercial Banks		Mutual Savings Banks		Savings and Loan Assns.		Other Lenders[1]		Total	
1970	$ 8,906	25.0%	$ 7,797	21.9%	$2,147	6.0%	$14,814	41.6%	$1,923	5.4%	$ 35,587	100.0%
1971	12,487	21.6	12,598	21.8	3,540	6.1	26,603	46.0	2,560	4.4	57,788	100.0
1972	13,326	17.6	17,710	23.3	5,052	6.7	36,739	48.4	3,037	4.0	75,864	100.0
1973	12,657	16.0	18,782	23.7	5,912	7.5	38,441	48.6	3,334	4.2	79,126	100.0
1974	13,026	19.3	16,128	23.9	3,929	5.8	30,932	45.8	3,493	5.2	67,508	100.0
1975	13,992	18.0	14,450	18.5	4,333	5.6	41,242	53.0	3,896	5.0	77,913	100.0
1976	15,744	14.0	24,501	21.7	6,428	5.7	61,900	54.9	4,212	3.7	112,785	100.0
1977	25,651	15.8	36,675	22.6	8,660	5.3	86,304	53.3	4,683	2.9	161,973	100.0
1978	34,448	18.6	43,924	23.7	9,379	5.1	89,952	48.6	7,333	4.0	185,036	100.0
1979	45,257	24.2	41,415	22.1	8,963	4.8	82,825	44.3	8,628	4.6	187,088	100.0
1980 (6 mos.)	13,517	24.1	12,323	22.0	2,233	4.0	23,094	41.2	4,827	8.6	55,994	100.0

[1]Other lenders include Life Insurance Companies, Private Pension Funds, REIT's, State and Local Retirement Funds, Federal Credit Agencies, and State and Local Investment Agencies.

Source: U.S. Department of Housing and Urban Development, and MBA's Economics Department.

A more distant possibility for mortgage bankers, but one that holds perhaps the greatest promise, lies in the issuance of the conventional mortgage-backed, pass-through security (CMBS). The CMBS is a relatively recent innovation, having had a mortgage pool balance of only $1.1 billion at the end of 1978. However, the CMBS should not be underestimated. By the end of 1980's second quarter, the outstanding balance of such pools had jumped to over $6.1 billion. This form of security has a far greater potential, even, than that of the very successful GNMA mortgage-backed security, considering the size of the primary conventional loan market relative to the government related markets.

While the life insurance companies' role in mortgage bankers' recent strength really isn't new, it has been substantially renewed. Mortgages have always been a significant part of life companies' assets, but the relative importance and the mix of property types have undergone a number of changes. With regard to their importance, mortgages' share of life companies' assets has dropped in recent decades from the post-WW II high of almost 39 percent of assets in 1966 to 1978's 27 percent.

The composition of the life companies' mortgage assets has also changed markedly in recent years. In the late 1950's, approximately 60 percent of their mortgage portfolio was devoted to one-to-four-unit residential mortgages. By the late 1960's, their share had dropped to almost 40 percent and continued its decline through the late 1970's; at the end of 1978, one-to-four-unit housing accounted for 13.5 percent of life companies' mortgage holdings. Even though their holdings of mortgages continued to decline in 1978, they only dropped $167 million during the year, compared to a decrease of $1.4 billion in 1977. During 1979 the decline in one-to-four-unit mortgage holdings stopped entirely; in fact, by year-end their loan balance had increased by over $1.6 billion.

While life companies for the most part have shown a prolonged neglect of the one-to-four-unit market, they have demonstrated a growing interest in multifamily and nonresidential properties. The 1960's saw life companies becoming more involved in mortgages on multifamily housing in response to the increasing loan demand and higher yields associated with such mortgages. Multifamily mortgages accounted for 9 percent of mortgages held by life companies in 1960, 21 percent in 1970, and a high of 23 percent in 1974. These holdings then declined for three years but increased again in 1978 to 18 percent of mortgage loans held by year-end.

The life companies' current sweetheart in the mortgage markets is without doubt the nonresidential sector. The properties underlying these mortgages cover a broad range of commercial, industrial, and institutional uses. Holdings of nonresidential mortgages represented 24 percent of life company mortgage holdings in 1960, 35 percent in 1970, and 59 percent by 1978. During 1978, such mortgage holdings increased by $7.2 billion, or nearly 14 percent, to total $60.2 billion at the end of the year.

Another major factor impacting mortgage bankers' origination volumes has been the adverse impact of usury ceilings. During periods of high interest rates, the prohibitively low usury ceilings in many states effectively killed the conventional mortgage market, enabling mortgage bankers, as the primary FHA and VA lenders, to maintain lending activity in states where such loans are exempt from usury ceilings (all 50 states by late December 1979). Of course, the positive impact of the FHA/VA exemption from state usury ceilings was partly mitigated by the fact that the FHA/VA loans themselves, administered at rates that consistently and significantly lag the market, pose many problems and encounter great resistance from sellers faced with very high discounts.

Secondary market competition

Most likely, mortgage bankers will not have this same competitive advantage next time around in the interest rate cycle. The federal preemption of state usury ceilings on all first mortgage loans and not just FHA/VA promises to remove this advantage in states that fail to override the preemption by April 1, 1983. This usury ceiling preemption is one of many salient features contained in the deregulation-oriented Depository Institutions Deregulation and Monetary Control Act of 1980, which was passed March 31, 1980. Also, as a result of this legislation, depository institutions will now be better suited to compete for funds in periods of high interest rates with the six year phase-out in Regulation Q interest rate limitations.

TABLE 2

Loan Sales and Sales as a Percentage of Originations, 1–4 Family Homes

(millions of dollars, % of lender's originations)

Year	Mortgage Companies		Commercial Banks		Mutual Savings Banks		Savings and Loan Assns.		Other Lenders[1]		Total	
1970	$9,613	107.9%	$1,674	21.5%	$254	11.8%	$804	5.4%	$1,847	96.0%	$14,192	39.9%
1971	12,394	99.3	1,971	15.6	175	4.9	1,654	6.2	2,340	91.4	18,534	32.1
1972	14,315	107.4	2,245	12.7	202	4.0	2,886	7.9	4,481	147.5	24,129	31.8
1973	14,980	118.4	2,010	10.7	161	2.7	2,759	7.2	4,952	148.5	24,862	31.4
1974	14,886	114.3	1,623	10.1	228	5.8	3,093	10.0	3,281	93.9	23,111	34.2
1975	14,451	103.3	2,932	20.3	235	5.4	4,726	11.5	7,308	187.6	29,652	38.1
1976	17,332	110.1	4,023	16.4	457	7.1	7,714	12.5	11,408	270.8	40,934	36.3
1977	27,327	106.5	5,839	15.9	221	2.6	12,955	15.0	9,019	192.6	55,361	34.2
1978	35,037	101.7	6,773	15.4	296	3.2	14,999	16.7	10,653	145.3	67,758	36.6
1979	44,448	98.2	6,526	15.7	521	5.8	18,108	21.9	6,969	80.8	76,572	40.9
1980 (6 mos.)	15,889	117.5	3,129	25.4	441	19.7	6,627	28.7	4,256	88.2	30,342	54.2

[1]Other lenders include Life Insurance Companies, Private Pension Funds, REIT's, State and Local Retirement Funds, Federal Credit Agencies, Mortgage Pools, and State and Local Investment Agencies. The relatively large Sales as a Percentage of Originations experience for this group is largely a function of the Federal Credit Agency component.

Source: U.S. Department of Housing and Urban Development, and MBA's Economics Department.

The evolution of depository institutions into active secondary market participants, and particularly as net sellers, likewise forbodes growing competition for the mortgage banking industry. This recent growth in the secondary market activities of such lenders, and especially the savings and loan associations, has been quite spectacular. Total loan sales by depository institutions have increased from $2.8 billion in 1970 to over $25.1 billion in 1979. Most of these lenders had seen their sources of mortgage funds, primarily savings deposits, dissipate through disintermediation in times of tight credit. Learning from the mortgage bankers' lead, these institutions have dramatically broadened their access to the credit market through their expanded use of the secondary mortgage market. With these additional funds, lenders have been able to prolong lending much further into the interest rate cycle.

A number of innovations appeared in the secondary mortgage market during the last decade to facilitate this expansion. Three of the more important innovations were: the purchase of mortgages by FNMA; the issuance of GNMA mortgage-backed pass-through securities; and the purchase of mortgages by FHLMC.

All these innovations, but especially the commencement and rapid expansion of FHLMC's loan purchase program, from $0.8 billion in 1971 to over $5.7 billion in 1979, have allowed the savings and loans to substantially deepen their involvement as sellers in the secondary market and to broaden their sales of mortgages and participations beyond the traditional boundary of the savings and loan industry.

Overall trends in mortgage sales show up clearly in the Department of Housing and Urban Development's statistical publication *The Supply of Mortgage Credit 1970–1979*. The sales of one-to-four-unit loans by S&L's have increased from $0.8 billion in 1970 to over $18.1 billion in 1979. Relative to their lending activity, the ratio of loan sales to originations jumped from little more than five percent in 1970 to almost 22 percent by 1979. (See Table 2.)

This growth in loan sales is likely to continue as S&L's and other financial institutions take advantage of the many benefits associated with a secondary mortgage market, especially in times of growing illiquidity and disintermediation. Just such a time characterized the early part of 1980, when fast rising interest rates choked off savings flows to the thrifts. Consequently, in the first quarter the S&Ls' ratio of loan sales to originations climbed to almost 28 percent. Even though interest rates subsequently fell from their first quarter peaks, this ratio was maintained through the second quarter as well, as interest rates failed to remain at levels low enough to attract funds back into the thrifts to any great extent.

At the same time that S&L's have been expanding their role as a secondary market seller, their relative involvement as a purchaser, at least of whole mortgage loans, has declined, as evidenced by their 1977 transition from net purchasers to net sellers in the secondary mortgage markets. Even though S&L loan purchases have increased from $3.4 billion in 1970 to $11.6 billion in 1979, these purchases declined from a peak of almost 26 percent in 1972 to 14 percent in 1979 relative to their origination volumes. (See Table 3.) The increase in this percentage to almost 19 percent in 1980's first half is probably temporary, related more to the extreme drop in their origination activity than to a reversal in the last decade's trend.

These loan purchase and sales trends illustrate the radical departure of the S&L's from their traditional role as depository institutions that once confined lending activity largely to the origination, purchase, and holding of mortgages. They are now evolving into mortgage banking operations, where they are more and more likely to sell and service their mortgage loan closings than hold them.

A mortgage banker hybrid

The marked shift during the first half of 1980 to the mortgage banking function was also experienced by commercial banks and mutual savings banks. The commercial banks' ratio of loan sales to originations climbed to 25.4 percent by mid-year from 15.7 percent during 1979, while the mutual savings banks' ratio jumped to 19.7 percent from 5.8 percent the previous year. The tremendous increase in mutual savings banks' loan sales is an indication of the tremendous liquidity pressures that they experienced in recent quarters. These pressures were

TABLE 3

Loan Purchases and Purchases as a Percentage of Originations, 1–4 Family Homes
(millions of dollars, % of lender's originations)

Year	Mortgage Companies		Commercial Banks		Mutual Savings Banks		Savings and Loan Assns.		Other Lenders[1]		Total	
1970	$ 60	0.7%	$ 521	6.7%	$1,408	65.6%	$ 3,397	22.9%	$ 8,020	417.0%	$13,406	37.7%
1971	403	3.2	1,130	9.0	1,874	52.9	6,635	24.9	8,250	322.3	18,292	31.7
1972	1,431	10.7	1,046	5.9	2,708	53.6	9,502	25.9	10,389	342.1	25,076	33.1
1973	1,382	10.9	925	4.9	1,958	33.1	5,862	15.2	12,546	376.3	22,573	28.5
1974	880	6.8	372	2.3	1,039	26.4	4,824	15.6	15,924	455.9	23,039	34.1
1975	785	5.6	236	1.6	1,103	25.5	7,167	17.4	22,590	579.8	31,881	40.9
1976	2,221	14.1	839	3.4	2,127	33.1	11,106	17.9	26,547	630.3	42,840	38.0
1977	4,116	16.0	1,756	4.8	2,947	34.0	13,155	15.2	33,738	720.4	55,712	34.4
1978	3,826	11.1	1,674	3.8	2,800	29.9	10,283	11.4	44,370	605.1	62,953	34.0
1979	5,659	12.5	2,112	5.1	2,633	29.4	11,608	14.0	47,725	553.1	69,737	37.3
1980 (6 mos.)	1,850	13.7	1,893	15.4	549	24.6	4,335	18.8	21,174	438.7	29,801	53.2

[1]Other lenders include Life Insurance Companies, Private Pension Funds, REIT's, State and Local Retirement Funds, Federal Credit Agencies, Mortgage Pools, and State and Local Investment Agencies. The relatively large Purchases as a Percentage of Originations experience for this group is largely a function of the Federal Credit Agency and Mortgage Pool components.

Source: U.S. Department of Housing and Urban Development, and MBA's Economics Department.

also reflected in the mutual savings banks' reduction in loan purchases, which have dropped from over 65 percent of originations in 1970, to under 25 percent during 1980's first half.

For all of the major lending groups, the ratio of loan sales to originations climbed to a record 54 percent by mid-year, thus making 1980 "the year of the mortgage banking function." And why not? Clearly such a function offers several critical advantages in today's adverse economic environments:

- Mortgage sales allow S&L's and others to build up a profitable servicing portfolio while shifting the risk of holding the actual loan portfolio to other investors.
- Sales of these loans gives S&L's added liquidity, enabling them to continue originating loans during periods of rising interest rates and declining savings flows.

The shift to the mortgage banking function by thrifts and banks may also be pursued by some relative newcomers to the mortgage market. Major retailers, real estate sales conglomerates and credit systems such as Master Card, Visa, or American Express could find mortgage banking a very profitable endeavor. The credit systems, especially, could use their existing facilities for mortgage loan servicing. Because of economies of scale in loan servicing, these nationwide systems could easily enter the mortgage loan servicing business, given an accommodative regulatory environment, adding even more competition to an already very competitive market.[1]

The repercussions of the thrift industries' evolution into a mortgage banker hybrid have been, and will continue to be, significant for the mortgage banking industry. As recently as 1972, S&L's purchased over 26 percent of mortgage bankers' loan originations and mutual savings banks accounted for almost 12 percent. By 1979, however, the S&L share had dropped to about 5 percent, and the mutual savings banks purchased only 3 percent of that year's total loan production.

Unfortunately, this trend is not likely to be reversed, at least not in the near term. And mortgage bankers are, therefore, faced with a doubly dismal prospect: not only are many traditional loan purchasers cutting back on their mortgage acquisitions, thus reducing the market for mortgage bankers' loan production, but they are also selling an increasingly larger share of their own loan production, which creates even more competition in the loan sales market.

The potential for unprecedented loan origination volumes in coming years is great, as a huge backlog of housing demand swells the mortgage markets. However, this potential will not be fulfilled unless the market for mortgage or equity investments swells to an equal degree. Traditional investors in mortgage debt, however, are showing both a growing reluctance to hold onto such debt, as well as a sophistication in their own use of the secondary mortgage market. Therefore, mortgage bankers, if they intend to maintain their prominent position in the housing market, must seek to expand the sales of mortgages to a wider range of institutional and international markets. They must also work toward the evolution and standardization of alternative primary and secondary market instruments, which should be more appealing to investors in an inclement inflationary climate. And mortgage bankers should also be responsive to the shift of investor preferences toward equity investments.

Conclusion

The unprecedented demand for mortgage funds expected during the coming decade will be met by an equally unprecedented supply of mortgage credit. Superficially, these funds will be supplied by a variety of lending institutions, including savings and loan associations, mortgage bankers, commercial banks, and mutual savings banks. However, underlying the ability of depository institutions to generate their share of this supply of mortgage funds is the fact that they are evolving into mortgage banker hybrids. As such, they will be able to transcend the limitations of their depository base by tapping the much larger resources of the national and international capital markets. In reality, then, it will be the mortgage banking function more than any other that will support and promote the continued and much needed growth and evolution of the housing market in the 1980's. □

[1]For further development of such a scenario, see Dr. Thomas R. Harter and Schuyler E. Schell, "Mortgage Banking in the 1980's," *Mortgage Banker* (April 1980), pp. 41–42.

Mortgage Market Trends

Prepared by MBA's Economics Department

December 15, 1980

The inveterate problems of volatile capital markets and a stagflated economy will continue to plague mortgage lenders during the new year. High rates of inflation and depressed economic activity severely limited the effective demand for housing in 1980, resulting in declining mortgage origination levels across the country.

The most recent economic indicators provide little cause for optimism, as price increases continue unabated throughout periods of faltering demand. The housing component of the Consumer Price Index (CPI) registered a 1.3 percent increase in October, in large part on the strength of a 3.8 percent gain in home financing costs. Relief from the inflationary pressures on housing seems unlikely in the near future, as investor commitments have become both scarce and more expensive throughout the fourth quarter of 1980. The stability of food and energy markets through the fall months moderated the effect of the housing component on the overall CPI, but prices in both of these areas are expected to spiral upward through 1981 as a result of declining grain and oil production.

The index of leading economic indicators continued its upward movement in October, but the 0.9 percent gain was a marked disappointment after the 8.5 percent increase of the the preceding quarter. The improvement in the unemployment rate was equally unfulfilling, falling a mere 0.1 percent in November to 7.5 percent of the workforce. And even this modest improvement, following a string of four consecutive monthly improvements in the index of industrial production, may not hold up in future months. The inability of the recession to significantly dampen demand for imported products, notably petroleum, is also cause for concern. In the face of declining Mideast production and the upcoming OPEC meeting, it seems unlikely that the equilibrium in the energy sector will continue much longer.

The most visceral effect of the latest inflationary spiral will be felt in the capital markets, where both short- and long-term rates are soaring to levels reminiscent of last spring. Despite a 550 basis point increase in the commercial bank prime rate over a five week period, business loan demand remains unusually brisk. Through mid-December, the periodic efforts to control the growth of the money supply attempted by the Federal Reserve resulted in record high interest rates without a substantial slowing of the inflation rate. The failure of these attempts, given the ever-increasing size of the federal deficit, is no mystery. Until monetary policy is supported by a realistically stringent fiscal policy, the Federal Reserve will be ultimately ineffective in controlling inflation. In light of this, it seems unlikely that the new administration will consider anything like the pre-election rush of housing stimulus. This indicates that the upcoming year may prove even more difficult to navigate than the previous one.

The outlook for housing production is, however, not completely dismal. The demographic demand for housing is robust, and several technical factors provide additional support. First and foremost, housing prices are continuing to increase despite the historically high mortgage rates, a comforting fact for existing homeowners. Also, the extremely large volume of state and local housing revenue bonds floated before January 1 should serve to stimulate housing activity during an otherwise soft first quarter. And, in selected geographic areas, local concentrations of energy and defense industries will keep the market active.

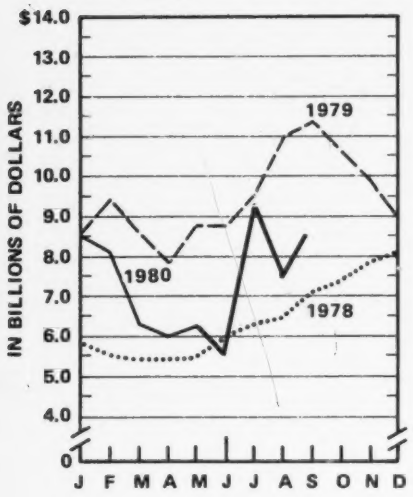
The prognosis for mortgage originations in early 1981 is far from cheerful. Not only do high mortgage rates and declining real personal income threaten the single-family market, but dangerously low commitment levels are causing many income property lenders to remain on the sidelines. However, as we approach the seasonal peak in real estate activity next summer, interest rates should be at more affordable levels and activity should improve.

Dr. Thomas R. Harter, Chief Economist

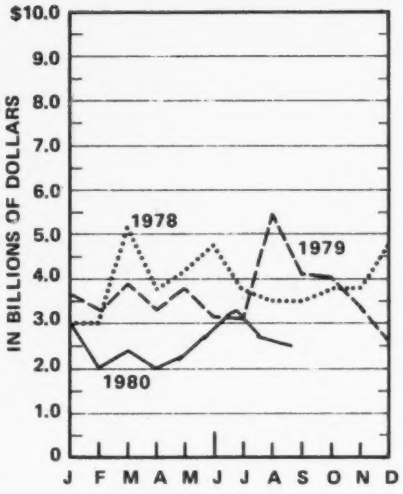
MORTGAGE BANKING ACTIVITY

LONG-TERM MORTGAGES

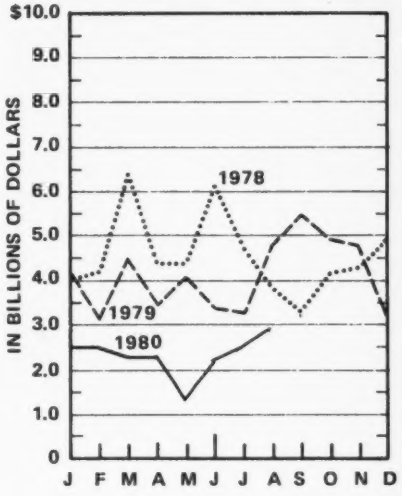
Inventory: Own Account



Commitments Issued

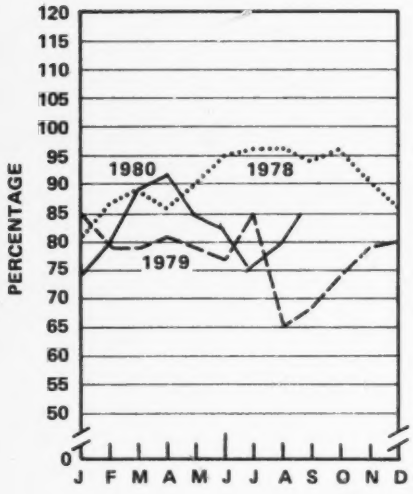


Commitments Received

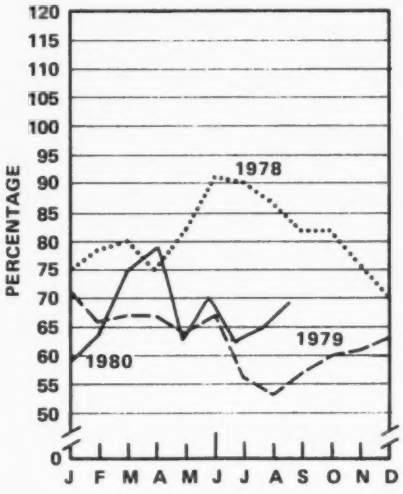


COVERAGE[1]

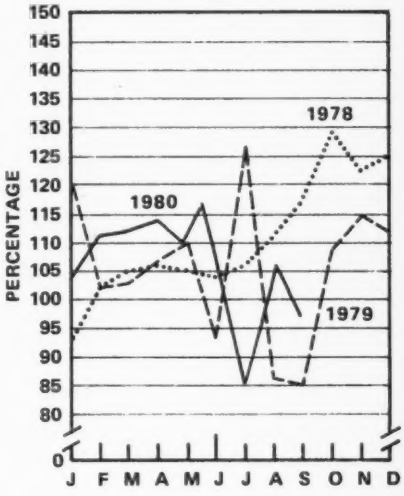
All Loans



1-To 4-Unit Loans



Income Property Loans



[1] Percent coverage is outstanding long-term commitments received from investors, divided by the sum of outstanding end of month inventory and outstanding long-term commitments issued to borrowers, multiplied by 100.

Note: Data are estimates for all mortgage banking members of MBA. Estimates for the 699 mortgage banking members are based on a sample of firms representing 25 percent of the total long-term originations in the industry. The current month's data are preliminary and will be revised the following month. Once each year when new annual benchmark data for the industry becomes available, the monthly data are again revised to match the annual industry totals published in *Mortgage Banking: Loans Closed and Servicing Volume*. The latest benchmark revisions were made effective with the December 1978 benchmarks.

Source: MBA Economics Department.

MORTGAGE BANKING ACTIVITY
(All dollar amounts are in millions)

LOANS CLOSED

Year and Month	LONG-TERM MORTGAGE LOANS												CONSTRUCTION LOANS
	Seasonally Adjusted				Not Seasonally Adjusted								
						1-4 Units				5 Units or More			
	Total[1]	1-4 Units	5 Units or More	Non-Res.	Total	Total	FHA	VA	Conv.	Total	FHA	Conv.	Non-Res.	Total
1979														
SEP	$ 3,800	$ 3,020	$ 340	$ 410	$ 3,950	$ 3,030	$1,160	$1,180	$ 690	$ 470	$ 170	$ 300	$ 450	$ 560
OCT	3,740	3,330	180	450	4,140	3,690	1,430	1,440	820	90	30	60	360	1,020
NOV	3,440	2,700	160	550	3,540	2,840	1,000	1,000	840	150	90	60	550	780
DEC	3,040	2,450	100	320	3,350	2,560	810	830	920	130	50	80	660	590
1980														
JAN	$ 2,830	$ 2,440	$ 140	$ 320	$ 2,590	$ 2,270	$ 710	$ 710	$ 850	$ 80	$ 0	$ 80	$ 240	$ 560
FEB	2,900	2,300	580	170	2,740	2,060	740	720	600	460	350	110	220	490
MAR	3,060	2,320	60	470	2,630	2,090	750	710	630	70	40	30	470	460
APR	2,340	1,770	60	610	2,300	1,660	530	470	660	100	20	80	540	510
MAY	2,450	1,740	70	680	2,080	1,610	580	470	560	40	0	40	430	690
JUN	2,620	1,820	400	520	2,760	1,970	950	660	360	420	110	310	370	540
JUL	2,950	2,470	80	480	3,020	2,530	1,170	910	450	100	90	10	390	1,960
AUG	3,030	2,830	57	311	3,160	2,780	1,180	1,060	540	60	60	0	320	1,150
SEP p	3,030	2,300	371	450	3,360	2,490	980	850	660	440	440	0	430	1,450
Year-to-date														
1980	$25,210	$19,990	$1,818	$4,011	$24,640	$19,460	$7,590	$6,560	$5,310	$1,770	$1,110	$ 660	$3,410	$7,810
1979	31,370	25,710	1,790	3,290	30,480	25,170	8,850	8,749	7,580	2,390	1,180	1,210	2,920	8,550
1978	26,150	21,810	1,840	2,580	25,750	21,650	6,700	7,870	7,080	1,760	640	1,120	2,340	5,560

OUTSTANDING END OF MONTH INVENTORY

COVERAGE[2]

Year and Month	LONG TERM MORTGAGE LOANS								CONSTRUCTION LOANS						
		1-4 Units				5 Units or More									
	Total	Total	FHA	VA	Conv.	Total	FHA	Conv.	Non-Res.	Total	1-4 Units	5 Units or More	Non-Res.	1-4 Units	5 Units or More	Non-Res.
1979																
SEP	$11,380	$8,280	$2,640	$2,340	$3,300	$1,990	$1,260	$ 730	$1,110	$2,410	$1,060	$600	$ 750	57%	75%	95%
OCT	10,620	8,940	2,810	2,500	3,630	670	30	640	1,010	2,270	900	560	810	60	124	103
NOV	9,920	8,160	2,690	2,340	3,130	620	30	590	1,140	2,050	810	520	720	61	160	102
DEC	8,960	7,190	2,280	1,960	2,950	660	40	620	1,110	2,240	850	600	790	63	134	104
1980																
JAN	$ 8,500	$6,760	$2,110	$1,690	$2,960	$ 750	$ 50	$700	$ 990	$2,410	$ 870	$590	$950	59%	112%	102%
FEB	8,080	6,440	1,950	1,570	2,920	550	30	520	1,090	2,360	860	560	940	64	136	103
MAR	6,310	4,720	1,220	1,100	2,400	590	40	550	1,000	2,430	930	580	920	75	137	104
APR	5,800	4,120	1,020	870	2,230	680	10	670	1,000	2,310	800	570	940	74	137	103
MAY	5,760	4,050	1,010	830	2,210	780	10	770	930	2,190	780	580	830	59	134	105
JUN	5,690	3,840	1,240	870	1,730	960	20	940	890	2,460	810	590	1,060	70	141	103
JUL	9,260	4,900	1,550	1,170	2,180	2,430	1,500	930	1,930	2,480	760	660	1,060	63	121	85
AUG	7,560	5,070	1,710	1,370	1,990	940	30	910	1,550	2,490	900	610	980	65	123	96
SEP p	8,440	5,810	1,740	1,740	2,330	1,160	10	1,150	1,470	2,580	850	690	1,040	68	102	94

COMMITMENT ACTIVITY: LONG-TERM MORTGAGE LOANS

Year and Month	COMMITMENTS DURING MONTH								OUTSTANDING COMMITMENTS END OF MONTH							
	To Borrowers				From Investors				To Borrowers				From Investors			
	Total	1-4 Units	5 Units or More	Non-Res.	Total	1-4 Units	5 Units or More	Non-Res.	Total	1-4 Units	5 Units or More	Non-Res.	Total	1-4 Units	5 Units or More	Non-Res.
1979																
SEP	$ 4,070	$ 2,640	$ 460	$ 970	$ 5,510	$ 3,750	$ 610	$ 1,150	$10,100	$5,020	$1,780	$3,300	$14,630	$7,640	$2,810	$4,180
OCT	4,020	3,220	270	530	4,920	3,920	100	900	8,770	4,900	810	3,060	14,260	8,230	1,840	4,190
NOV	3,430	2,490	150	790	4,800	3,160	470	1,170	8,920	4,630	800	3,490	14,830	7,850	2,250	4,730
DEC	2,610	1,960	70	580	3,190	2,280	60	850	7,960	3,860	770	3,330	13,480	6,930	1,920	4,630
1980																
JAN	$ 2,990	$ 2,690	$ 100	$ 200	$ 2,500	$ 1,950	$ 330	$ 220	$ 7,760	$4,270	$ 540	$2,950	$11,980	$6,540	$1,440	$4,000
FEB	2,050	1,820	60	170	2,490	2,210	80	200	7,380	3,780	740	2,860	12,340	6,530	1,750	4,060
MAR	2,380	2,040	90	250	2,260	1,830	170	260	7,120	3,680	710	2,730	11,980	6,330	1,780	3,870
APR	1,970	1,680	40	250	2,180	1,500	170	510	6,080	3,170	520	2,390	10,510	5,370	1,650	3,490
MAY	2,960	2,730	90	140	1,550	1,290	100	160	7,120	3,820	570	2,730	10,340	4,680	1,810	3,850
JUN	2,840	2,480	160	200	2,280	1,430	540	310	7,670	4,320	830	2,520	12,850	6,810	2,530	3,510
JUL	3,050	2,850	70	130	2,540	2,190	150	200	9,190	5,000	1,440	2,750	13,750	6,520	3,250	3,980
AUG	2,680	2,090	190	400	2,990	2,240	110	640	8,200	4,830	950	2,420	12,640	6,480	2,330	3,830
SEP p	2,500	1,670	260	570	3,280	2,360	300	620	7,820	4,390	890	2,540	12,800	6,940	2,100	3,760
Year-to-date																
1980	$23,420	$20,050	$1,060	$2,310	$22,070	$17,000	$1,950	$ 3,120								
1979	34,380	25,440	1,740	7,200	36,440	25,920	2,560	7,960								
1978	34,540	23,910	1,370	9,260	41,310	28,130	2,100	11,080								

[1]Total is seasonally adjusted separately from components. Total, therefore, may not equal the sum of the parts.

[2]Percent coverage is outstanding long-term commitments received from investors, divided by the sum of outstanding end of month inventory and outstanding long-term commitments issued to borrowers, multiplied by 100.

Note: All series labeled 'non-residential' are also inclusive of farm data.

MORTGAGE MARKET TRENDS—JANUARY 1981

RESIDENTIAL STRUCTURES, BY UNIT TYPE
(Units in thousands)

Year and Month	PERMITS 16,000 ISSUING PLACES: Actual: Total	1-4 Units	5+ Units	Seasonally Adjusted Annual Rate: Total	1-4 Units	5+ Units	HOUSING STARTS: Actual: Total	1-4 Units	5+ Units	Seasonally Adjusted Annual Rate: Total	1-4 Units	5+ Units
1979												
JUL	138	104	34	1.528	1,136	392	164	130	34	1,764	1,352	412
AUG	152	111	41	1,654	1,181	473	172	133	39	1,788	1,389	399
SEP	140	90	50	1,775	1,166	609	164	117	47	1,874	1,360	514
OCT	141	96	45	1,542	1,064	478	169	122	47	1,710	1,268	442
NOV	98	64	34	1,263	850	413	119	82	37	1,522	1,094	428
DEC	81	52	29	1,244	899	345	92	65	27	1,548	1,165	383
1980												
JAN	75	52	23	1,264	882	382	73	56	17	1,419	1,219	290
FEB	76	54	22	1,142	801	341	80	55	25	1,330	887	443
MAR	82	56	26	932	627	305	85	59	26	1,041	705	336
APR	77	54	23	789	536	253	96	71	25	1,030	728	302
MAY	77	56	21	825	576	249	92	73	19	913	714	199
JUN	101	69	32	1,078	721	357	116	84	32	1,223	832	391
JUL	113	84	29	1,236	900	336	119	94	25	1,249	951	298
AUG	116	86	30	1,361	988	373	129	104	25	1,416	1,139	277
SEP	143	94	49	1,564	1,060	504	138	107	31	1,545	1,189	356
OCT	127p	90p	37p	1,333p	953p	380p	154p	110p	44p	1,569p	1,140p	429p
10 months												
1980	987	695	292				1,082	813	269			
1979	1,371	990	381				1,535	1,171	364			
1978	1,547	1,135	412				1,742	1,347	395			
1977	1,436	1,073	363				1,703	1,357	346			

VALUE OF NEW CONSTRUCTION PUT IN PLACE
(Dollars in millions)

Year and Month	Seasonally Adjusted Annual Rate: Total	1 Unit	2+ Units	Non-Res.
1979				
JUL	127,697	61,059	17,916	48,722
AUG	127,149	61,381	17,915	47,853
SEP	128,898	61,308	19,055	48,535
OCT	130,677	60,858	19,005	50,814
NOV	130,358	59,218	19,749	51,391
DEC	132,078	57,753	20,751	53,574
1980				
JAN	137,295	58,439	22,224	56,632
FEB	130,053	54,463	20,664	54,926
MAR	120,768	48,797	19,628	52,343
APR	113,411	42,980	17,723	52,708
MAY	108,104	38,057	17,131	52,916
JUN	104,786	35,750	16,150	52,886
JUL	101,629	37,263	14,922	49,444
AUG	105,162	40,380	15,647	49,135
SEP	109,738	44,448	16,286	48,974
OCT	111,231p	48,400p	14,384p	48,447p

HOUSE SALES
(Units in thousands)

Year and Month	EXISTING HOUSES[1]	NEW HOUSES: Sold	Available For Sale	Months Supply at Current Rate
1979				
JUL	343	66	421	6.3
AUG	377	69	419	6.1
SEP	314	62	414	6.7
OCT	329	55	416	7.6
NOV	255	41	409	10.0
DEC	197	34	403	11.8
1980				
JAN	209	43	393	9.2
FEB	220	44	381	8.7
MAR	243	43	370	8.6
APR	224	36	361	10.2
MAY	219	43	349	8.1
JUN	233	48	342	7.2
JUL	275	55	339	6.2
AUG	286	60	332	5.6
SEP	293	48	339	7.1
OCT	282	44p	343p	7.7p
10 months				
1980	2,484	464		
1979	3,249	633		
1978	3,366	715		
1977	3,054	714		

RESIDENTIAL STRUCTURES, BY REGION
(units in thousands)

Year and Month	PERMITS 16,000 ISSUING PLACES: Actual: North East	North Central	South	West	Seasonally Adjusted Annual Rate: North East	North Central	South	West	STARTS: Actual: North East	North Central	South	West	Seasonally Adjusted Annual Rate: North East	North Central	South	West
1979																
JUL	15	27	51	45	161	281	585	501	18	36	68	43	174	356	762	472
AUG	15	30	50	47	147	310	664	533	20	39	74	40	176	388	770	454
SEP	19	29	54	39	217	337	704	517	13	39	67	46	164	392	765	553
OCT	14	28	59	38	151	271	673	447	21	35	73	40	172	317	765	456
NOV	13	16	42	27	152	191	557	363	19	20	53	27	170	249	716	387
DEC	10	12	34	25	144	224	517	359	10	15	40	27	156	326	667	399
1980																
JAN	5	8	39	23	116	221	577	350	6	6	40	22	194	213	673	339
FEB	5	8	39	24	125	178	524	315	3	8	47	23	73	223	701	333
MAR	10	10	40	22	122	120	442	248	7	12	45	21	105	178	511	247
APR	8	12	37	20	86	116	385	202	10	15	48	23	130	156	487	257
MAY	9	13	36	19	98	122	399	206	12	15	45	21	129	122	459	203
JUN	11	15	48	27	114	142	534	288	13	21	58	24	120	179	679	245
JUL	12	20	50	32	119	208	566	343	12	20	60	27	194	193	664	278
AUG	11	19	53	33	117	213	650	381	13	21	63	32	128	224	694	370
SEP	14	26	69	35	143	242	770	409	17	30	61	30	216	288	679	362
OCT	12p	25p	57p	33p	122p	237p	605p	369p	12p	33p	76p	34p	105p	294p	790p	380p
10 months																
1980	97	146	468	268					105	181	543	257				
1979	141	259	527	407					150	277	660	415				
1978	151	323	487	458					166	387	718	470				
1977	155	346	475	462					171	404	667	460				

CONSTRUCTION STATUS
(units in thousands)

Year and Month	UNDER CONSTRUCTION: Total	1-4 Units	5+ Units	COMPLETIONS: Total	1-4 Units	5+ Units
1979						
JUL	1,300	852	448	151	116	35
AUG	1,301	860	441	159	123	36
SEP	1,283	850	433	181	125	56
OCT	1,274	837	437	174	135	39
NOV	1,226	794	432	165	121	44
DEC	1,140	717	423	174	139	35
1980						
JAN	1,088	678	410	125	94	31
FEB	1,041	644	397	126	89	37
MAR	991	609	382	130	90	40
APR	953	588	365	135	93	42
MAY	918	570	348	120	87	33
JUN	900	566	334	131	89	42
JUL	890	572	318	125	82	43
AUG	887	576	311	128	96	32
SEP	905	601	304	116	81	35
OCT	937p	621p	316p	120p	89p	31p
10 months						
1980				1,256	890	366
1979				1,531	1,165	366
1978				1,529	1,214	315
1977				1,346	1,101	245

INTEREST RATES AND YIELDS

Year and Month	1-4 UNIT MORTGAGES: FHA Opinion Survey: FHA New[3]	Conventional: New	Conventional: Existing	FHLBB Survey: Conventional: New	Conventional: Existing	APARTMENTS[4]	CONSTRUCTION LOANS[5] ALL TYPES	FNMA: FMS Auction Yields on 4 mo. Commitments[6]: FHA/VA	Conv.	GNMA Current Securities Yield[7]	SELECTED SECURITIES: Aaa Utility New Issue	U.S. Gov't: 10-yr	26-wk	Prime Commercial Paper 90-119 Days	SPREADS (Basis Points): FHA New Minus Aaa Utility	GNMA minus 10-yr Gov't.
1979																
JUL	10.46	10.95	11.00	10.78	10.93	10.250-10.625		10.652	11.521	9.81	9.59	8.95	9.236	9.87	87	86
AUG	10.58	11.10	11.15	11.01	11.14	10.375-10.625	12.52	10.671	11.517	9.97	9.48	8.99	9.425	10.27	110	98
SEP	11.37	11.35	11.35	11.02	11.20	10.625-10.875		11.091	11.741	10.40	9.83	9.33	10.203	11.63	154	107
OCT	n.a.	12.15	12.20	11.18	11.30	11.250-11.500		12.497	12.865	11.30	10.97	10.30	11.660	13.23	n.a.	100
NOV	12.41	12.50	12.50	11.37	11.52	11.500-12.000	15.56	12.797	13.794	11.58	11.42	10.65	11.856	13.57	99	93
DEC	12.24	12.50	12.50	11.64	11.89	11.875-12.000		12.485	12.981	11.56	11.25	10.39	11.847	13.24	99	117
1980																
JAN	12.60	12.80	12.80	11.87	12.10	11.875-12.250		12.930	13.188	11.96	11.73	10.80	11.851	13.04	87	116
FEB	n.a.	14.10	14.10	11.93	12.62	13.000-14.000	15.77	14.589	14.124	13.02	13.57	12.41	12.721	13.78	n.a.	61
MAR	14.63	16.05	16.05	12.62	12.87	n.a.		15.581	16.665	13.69	14.00	12.75	15.100	16.81	63	94
APR	13.45	15.55	15.55	13.03	13.57	n.a.		14.670	16.451	13.17	12.90	11.47	13.618	15.78	55	170
MAY	11.99	13.20	13.20	13.67	14.12	13.000-15.000	18.32	12.855	13.535	11.54	11.53	10.18	9.149	9.49	46	136
JUN	11.85	12.45	12.45	12.69	13.31	12.250-12.750		12.360	12.946	10.89	10.96	9.78	7.218	8.27	89	111
JUL	12.39	12.45	12.45	12.48	12.61	12.500-13.500		12.630	12.807	11.53	11.60	10.25	8.101	8.41	79	128
AUG	13.54	13.25	13.25	12.25	12.26	13.000-14.500	13.16	13.873	13.663	12.33	12.32	11.10	9.443	9.57	122	123
SEP	14.26	13.65	13.70	12.36	12.38	13.000-14.000		14.819	14.450	12.86	12.74	11.51	10.546	10.97	152	135
OCT	14.38	14.10	14.10	12.60	12.64	13.500-14.500		14.965	14.791	13.24	13.18	11.75	11.566	12.52	120	149

LONG-TERM MORTGAGE LOANS CLOSED

(Dollars in Millions)

ear d onth	BY TYPE OF INSTITUTION					BY TYPE OF UNIT, AND INSTITUTION														
						1-4 Units					5+ Units					Nonresidential				
	Total	Mtg. Bankers	S&Ls	Banks[8]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[8]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[8]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[8]	Life Cos.
79																				
AY	19,228	2,935	9,576	5,735	982	15,349	2,551	8,556	4,187	55	960	100	590	212	58	2,920	285	430	1,336	869
N	21,600	3,162	9,859	7,272	1,307	17,157	2,635	8,995	5,420	107	1,249	294	484	224	247	3,193	232	380	1,628	953
L	20,460	3,498	8,412	7,314	1,236	16,096	2,858	7,705	5,407	126	1,043	309	377	264	93	3,322	332	330	1,643	1,017
JG	21,287	4,232	9,018	6,800	1,237	17,298	3,602	8,289	5,193	214	1,083	217	375	342	149	2,906	413	354	1,265	874
EP	18,956	3,955	7,738	5,820	1,443	14,395	3,032	7,012	4,113	238	1,254	469	351	263	171	3,306	453	375	1,444	1,034
CT	21,394	4,141	8,879	6,869	1,505	16,913	3,690	7,994	5,009	220	921	91	488	191	151	3,560	360	397	1,669	1,134
OV	18,362	3,526	7,230	6,175	1,431	13,823	2,833	6,480	4,260	250	831	148	338	223	122	3,708	545	412	1,692	1,059
EC	15,040	3,338	5,223	5,018	1,461	11,801	2,552	4,584	3,338	427	792	130	270	251	141	3,346	655	369	1,429	893
80																				
AN	12,134	2,588	4,070	4,073	1,403	8,731	2,271	3,589	2,703	168	588	82	208	204	94	2,816	236	273	1,166	1,141
EB	11,975	2,733	4,281	3,802	1,159	8,469	2,055	3,805	2,361	248	919	454	204	148	113	2,587	224	272	1,293	798
AR	14,187	2,632	5,487	4,509	1,559	10,372	2,085	4,955	2,899	433	517	72	224	135	86	3,298	475	308	1,475	1,040
PR	12,363	2,297	4,707	4,111	1,248	8,868	1,662	4,216	2,749	241	614	94	218	137	165	2,881	541	273	1,225	842
AY	9,852	2,080	3,536	3,301	935	6,860	1,606	2,996	2,051	207	429	41	220	102	66	2,563	433	320	1,148	662
N	10,873	2,830	4,076	2,872	1,095	7,351	1,910	3,533	1,794	114	1,099	596	248	167	88	2,423	324	295	911	893
L	12,555	3,020	5,468	2,947	1,120	9,560	2,530	4,885	2,041	104	615	100	313	94	108	2,380	390	270	812	908
JG	15,579	3,160	7,722	3,710	1,167	12,675	2,780	7,089	2,732	74	626	60	276	162	128	2,458	320	357	816	965

LONG-TERM COMMITMENT ACTIVITY

(Dollars in Millions)

ear d onth	OUTSTANDING					ISSUED DURING MONTH				
	Total	Mtg. Bankers	S&Ls	Banks[8]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[8]	Life Cos.
79										
PR	79,095	12,675	29,054	12,054	25,312	18,058	3,433	9,428	3,287	1,910
AY	84,252	14,123	30,140	13,016	26,973	20,870	3,803	10,387	3,776	2,904
N	84,305	13,676	29,350	13,155	28,124	18,739	3,163	9,003	3,857	2,716
L	86,870	16,501	28,818	12,817	28,734	20,028	3,547	8,167	3,266	5,048
JG	85,014	14,153	28,379	13,195	29,287	19,816	5,466	8,852	3,335	2,163
EP	85,090	14,619	28,373	11,974	30,124	16,809	4,073	7,730	2,530	2,476
CT	83,042	14,258	27,084	11,493	30,207	16,943	4,014	7,992	2,916	2,021
OV	79,324	14,824	23,714	11,315	29,471	12,023	3,415	4,741	2,407	1,460
EC	73,350	13,473	21,467	10,504	27,906	8,533	2,608	3,248	1,892	785
80										
AN	67,753	11,983	20,502	8,929	26,339	8,579	2,984	3,510	1,545	540
EB	68,818	12,333	21,351	9,717	25,417	9,400	2,046	5,017	1,637	700
AR	66,122	11,974	20,424	9,215	24,509	9,924	2,372	4,782	1,850	920
PR	60,999	10,500	18,597	8,286	23,616	7,126	1,964	3,147	1,276	739
AY	58,833	10,336	17,762	8,011	22,724	7,051	2,958	2,802	901	390
N	58,058	9,960	18,848	7,651	21,599	9,046	2,850	4,580	1,250	366
L	63,525	13,750	21,310	7,769	20,696	12,568	3,050	7,128	1,626	764
JG	65,653	12,640	23,876	9,032	20,105	14,951	2,680	9,510	2,076	685

MORTGAGE INSURANCE

(Units in thousands, dollars in millions)

ear d onth	APPLICATIONS RECEIVED UNITS			INSURED							
				Total		FHA (203)		VA		Private	
	Total	FHA/ VA	Private	Units	Amt.	Units	Amt.	Units	Amt.	Units	Amt.
79											
PR	169	106	63	90	5,741	19	665	24	1,075	47	2,001
AY	185	116	69	102	4,246	23	806	24	1,082	55	2,358
N	166	103	63	103	4,338	24	846	24	1,096	55	2,396
L	170	112	58	117	4,996	29	1,058	31	1,423	57	2,515
JG	177	118	59	116	5,042	25	912	35	1,695	56	2,435
EP	150	100	50	104	4,646	20	744	39	1,910	45	1,992
CT	155	98	57	104	4,580	29	1,092	22	1,100	53	2,388
OV	116	76	40	102	4,493	27	1,004	29	1,391	46	2,098
EC	79	50	29	91	4,117	20	769	31	1,531	40	1,817
80											
AN	90	66	24	100	4,534	31	1,142	39	1,956	30	1,436
EB	91	63	28	71	3,153	21	753	26	1,301	24	1,099
AR	101	61	40	74	3,371	18	696	27	1,329	29	1,346
PR	90	58	32	76	3,473	20	746	23	1,149	33	1,578
AY	101	76	25	56	2,608	13	483	17	848	26	1,277
N	105	78	27	50	2,273	13	502	15	741	22	1,030
L	138	99	39	63	2,904	20	823	16	817	27	1,264
JG	139	89	50	70	3,389	23	958	17	944	30	1,487

SECONDARY MARKET ACTIVITY

(Dollars in Millions)

ear d onth	FNMA					FHLMC			GNMA	
	4-Month Commitments				12 Month Convert Standby	Comm.	Purc.	Sold	Pass-Through Securities	
	FHA/VA		Conventional							
	Bid	Accept	Bid	Accept					Applications	Issued
79										
L	133	70	94	70	160	517	518	320	6,211	2,032
JG	162	83	246	184	184	581	636	354	5,105	2,933
EP	1,421	600	527	326	343	437	537	347	4,012	2,640
CT	2,943	1,130	1,050	431	828	504	552	531	6,509	2,639
OV	558	265	366	190	0	221	458	186	7,410	3,250
EC	649	249	413	152	0	199	403	211	3,539	1,894
80										
AN	516	232	443	247	26	296	279	180	4,265	2,611
EB	1,169	564	412	148	225	197	248	207	2,178	1,354
AR	1,267	426	919	240	242	186	193	106	5,124	1,125
PR	494	199	135	66	85	189	231	200	4,509	1,778
AY	609	214	280	109	62	491	176	391	5,281	1,127
N	603	267	170	76	92	577	225	230	6,627	1,320
L	1,255	506	229	141	72	702	440	288	5,322	1,874
JG	1,347	775	430	219	112	476	495	320	4,936	2,215
EP	1,268	741	348	210	102	218	521	275	6,850	1,807
CT	584	344	108	64	100	221	398	193	7,757	2,255

MORTGAGE BANKERS CONSTRUCTION AND LAND LOAN ACTIVITY

(Dollars in Millions)

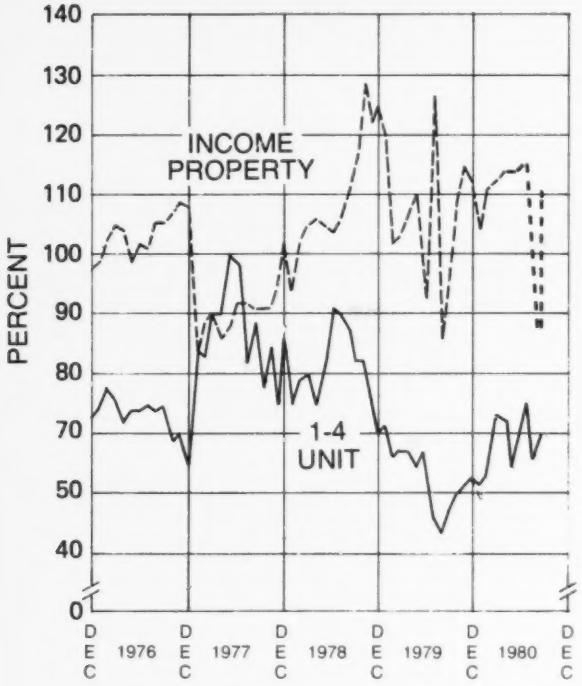
ear d onth	DISBURSEMENTS DURING MONTH					OUTSTANDING COMMITMENTS TO BORROWERS			
	Construction				Land Loans				
	Total	1-4 Units	5+ Units	Non-res.		Total	1-4 Units	5+ Units	Non-res.
79									
L	242	127	49	65	56	3,721	1,305	950	1,466
JG	277	128	57	92	74	4,048	1,562	1,335	1,151
EP	285	119	40	127	137	3,764	1,617	860	1,287
CT	302	118	41	143	41	4,153	1,261	1,559	1,333
OV	216	84	49	84	36	4,815	1,229	2,015	1,571
EC	249	92	44	113	35	3,552	1,082	981	1,489
80									
AN	231	84	42	105	27	3,554	1,196	1,079	1,279
EB	207	80	49	78	31	4,512	1,160	1,652	1,700
AR	259	91	46	121	24	4,272	1,201	1,585	1,486
PR	191	71	40	81	59	3,484	1,104	1,042	1,338
AY	209	88	47	74	72	4,254	965	1,789	1,500
N	243	89	47	107	55	4,209	1,016	1,604	1,589
L	376	100	61	215	73	3,954	1,093	1,322	1,539
JG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EP	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

.-Not available; p-Preliminary
rom the National Association of Realtors' "Existing Home Sales" series.
effects cumulative total through the latest month for each column.
econdary market gross yields.
enchmark rates, Citicorp Real Estate, Inc.

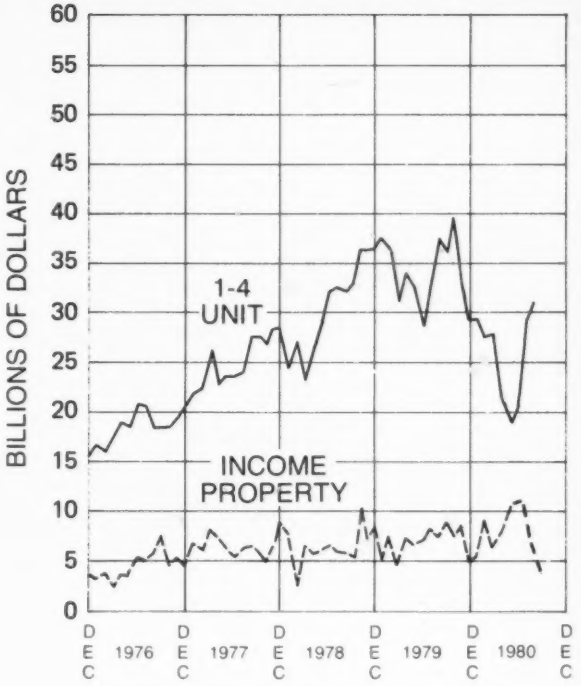
[5]Federal Reserve's weighted average interest rate for Commercial Banks.
[6]Weighted average gross yields for accepted bids.
[7]Survey of three New York security dealers. Securities for immediate delivery.
[8]Mutual Savings Banks and Commercial Banks.

urces: American Council of Life Insurance, Board of Governors of the Federal Reserve System, Bureau of the Census, Citicorp Real Estate, Inc., Department of Housing and Urban Development, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Mortgage Bankers Association of America, National Association of Mutual Savings Banks, National Association of Realtors, Veterans Administration.

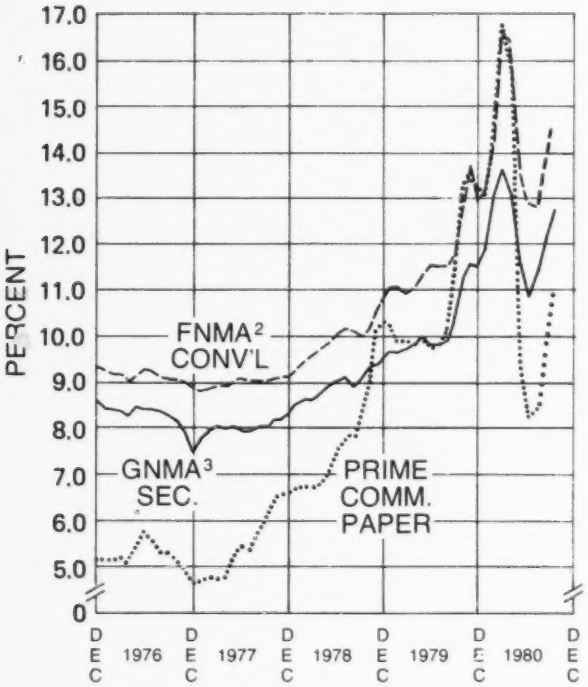
MORTGAGE BANKERS' LONG-TERM MORTGAGE COVERAGE[1]



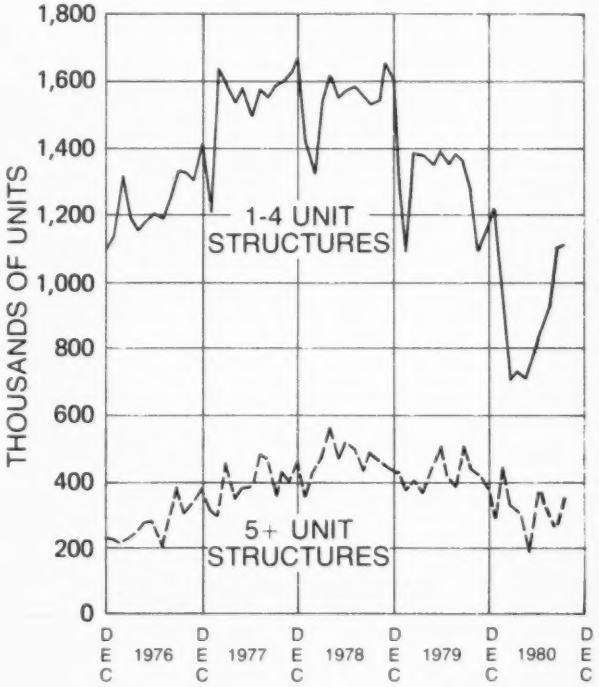
MORTGAGE BANKERS' LONG-TERM MORTGAGE LOANS CLOSED[4]



SELECTED YIELDS



HOUSING STARTS[4]



FOOTNOTES

1. OUTSTANDING LONG-TERM COMMITMENTS RECEIVED FROM INVESTORS DIVIDED BY THE SUM OF OUTSTANDING END OF MONTH INVENTORY AND OUTSTANDING LONG-TERM COMMITMENTS ISSUED TO BORROWERS, MULTIPLIED BY 100.
2. WEIGHTED AVERAGE GROSS YIELDS FOR ACCEPTED BIDS OF ALL FNMA FREE MARKET AUCTIONS DURING THAT MONTH.
3. SURVEY OF THREE NEW YORK SECURITY DEALERS. SECURITIES FOR IMMEDIATE DELIVERY.
4. SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: BUREAU OF THE CENSUS, FEDERAL NATIONAL MORTGAGE ASSOCIATION, FEDERAL RESERVE BOARD, MORTGAGE BANKERS ASSOCIATION.

MBA—ECONOMICS DEPARTMENT